

HOUSE BILL REPORT

HB 2429

As Reported by House Committee On: Commerce & Labor

Title: An act relating to the resale of motor vehicles previously determined as having nonconformities.

Brief Description: Addressing the resale of motor vehicles previously determined as having nonconformities.

Sponsors: Representatives Wood, Condotta, Williams, Takko, Eddy, Morrell, O'Brien, Conway and Ormsby; by request of Attorney General.

Brief History:

Committee Activity:

Commerce & Labor: 1/27/10, 2/2/10 [DPS].

Brief Summary of Substitute Bill

- Extends Washington's "lemon" disclosure law to used motor vehicle dealers.
- Requires manufacturers and motor vehicle dealers to identify the nonconformity and include a title brand on the resale disclosure form.
- Reorganizes subsections and makes other housekeeping changes.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Crouse, Green, Moeller and Williams.

Staff: Brian Kilgore (786-7119) and Joan Elgee (786-7106).

Background:

The Motor Vehicle Warranty Act (Act), also known as the state's "lemon law," establishes the rights and responsibilities of consumers, dealers, and manufacturers when a new or nearly new vehicle has a serious safety or other substantial defect.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Act requires that notice of manufacturers' warranties be given to consumers along with information to assist the consumer who needs to repair a defective vehicle. Once repair is requested, the manufacturer must make a reasonable effort to repair the vehicle. If, after reasonable attempts to repair the vehicle, the defect continues to exist, the consumer may request replacement of the vehicle or repurchase of the defective vehicle by the manufacturer.

If a manufacturer elects to repurchase a defective vehicle, the manufacturer may then resell the vehicle if the defect can be corrected and the manufacturer so warrants. The manufacturer generally sells a repaired vehicle to a motor vehicle dealer, who then sells the motor vehicle to a retail purchaser.

The Act requires manufacturers, their agents, and new vehicle dealers to inform potential purchasers if a vehicle was repurchased pursuant to the state's lemon law. A manufacturer, agent, or new vehicle dealer who fails to inform a potential purchaser must:

- indemnify any subsequent transferor or first retail purchaser for all damages caused by the failure to disclose; or
- repurchase the vehicle at full purchase price, including fees, taxes, and costs incurred.

A violation of the Act is also a violation of the Consumer Protection Act.

Summary of Substitute Bill:

When selling a vehicle repurchased under the Motor Vehicle Warranty Act (Act), used motor vehicle dealers must comply with the same disclosure requirements as new vehicle dealers. When selling a vehicle repurchased under the Act, if a used motor vehicle dealer fails to transfer to the purchaser the required disclosures, the purchaser has the same remedies as if they had purchased the motor vehicle from a new vehicle dealer.

Manufacturers and dealers must identify the nonconformity and include a title brand on the resale disclosure form.

When a manufacturer does not provide notice of repair of a nonconformity, the Department of Licensing (DOL) must issue a new title with a title brand indicating that the nonconformity has not been corrected. When the DOL receives a title application for a motor vehicle previously titled in another state and that vehicle has a title brand indicating it was reacquired by a manufacturer under a law similar to the Act, the DOL must issue a new title with a title brand indicating the vehicle was returned under a similar law of another state.

Substitute Bill Compared to Original Bill:

The substitute bill removes the requirement that the manufacturer or motor vehicle dealer include "significant information" on the resale disclosure form. The substitute bill makes technical corrections and additional housekeeping changes.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The changes in this bill have the single purpose of including used car dealers within the existing law. This bill will expand the coverage of our lemon law to all licensed dealers in Washington. There are also some edits to existing law for clarity.

(Opposed) None.

Persons Testifying: Representative Wood, prime sponsor; Paul Corning, Office of the Attorney General; and Scott Hazelgrove, Washington State Auto Dealers Association.

Persons Signed In To Testify But Not Testifying: None.